

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING  
(PROPOSAL ELEVEN)

Docket No. RM2015-4

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO QUESTIONS 1-5 OF CHAIRMAN'S  
INFORMATION REQUEST NO. 1  
(November 24, 2014)**

The United States Postal Service hereby provides its responses to Questions 1-5 of Chairman's Information Request No. 1, issued November 20, 2014. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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November 24, 2014

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

1. The Postal Service states that credit and debit card fees are recorded in two general ledger (G/L) accounts. Petition, Attachment at 2. G/L account 52426, Credit and Debit Card Services, is included in component 126 in Cost Segment 13.3 and no other costs are included in the cost component. The second G/L account, 52359, Professional and Other Miscellaneous Services, is included in Cost Segment 16.3 and is part of a number of accounts included in cost component no. 177. The questions below refer to the fees included in G/L account 52359.  
G/L account 52359 is described in the Postal Service's current Charts of Accounts as follows:<sup>1</sup>

This account is used to record the cost of miscellaneous contractual services. 1. Balance (debit) represents year-to-date expense. 2. Debit entries include nongovernment contractual services including but not limited to (a) market research studies for postal rate making; (b) ADP contractual services; (c) stenographic services; and (d) architectural and engineering support to the areas for design of postal facilities. (See 52423 for services by government agencies.). Also included are charges for safety programs personnel tests and examinations training film production services uniform quality control quality control tests exhibits and displays and other contractual services. 3. Credit entries include adjustments. Note: Payment of royalty fees pertaining to other than capital items are required under licensing agreements whenever a separate vendor other than the one obtaining the Licensing Agreement is awarded the contract through competition.

Please describe the types of transactions that are included in G/L account 52359 and how they incur credit and debit card fees.

**RESPONSE:**

The name of G/L account 52359 is "Professional and Miscellaneous Services." It is used to post transactions of that nature which included some of the debit and credit fees. Other professional services, such as those listed in the account description can be posted to this account as well. The credit and debit card transactions are independent of the other transactions.

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<sup>1</sup> Docket No. ACR2013, Library Reference USPS-FY13-6, General Classification of Accounts (Formally Handbook F-8), December 27, 2013.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

2. Please list all of the revenue reporting systems that generate the payment tender reports used to develop the proposed distribution key for the credit and debit card fees.

**RESPONSE:**

The report generating systems are Point of Service (POS) One, Retail Data Mart, National Customer Management System (NCMS) and the Address Management System.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

3. Please describe how the transactions in G/L 52359 that incur credit and debit card fees will be delineated in the payment tender reports run from each of the revenue reporting systems.

**RESPONSE:**

The transactions in the G/L 52359 do not incur credit card fees. Some of the fees from the respective banks for credit and debit card fees are simply recorded there.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

4. The proposal notes that "Going forward, all of the debit and credit card fees will be captured in Cost Segment 13.3." Petition, Attachment at 3.
- a. Please confirm that all credit and debit card fees, even those previously included in Cost Segment 16, will be recorded in G/L account 52426 and assigned to Cost Segment 13.3.
  - b. If part a. is confirmed, please explain how the fees recorded in G/L account 52359, previously included in Cost Segment 16, will be allocated to Cost Segment 13.3.
  - c. If part a. is not confirmed, please explain the difference in the credit and debit card fees that will be allocated to Cost Segment 16 and the ones allocated to Cost Segment 13.3.

**RESPONSE:**

- a. Not confirmed. The credit and debit card fees will continue to be recorded in both G/L accounts 52426 and 52359. The fees will be combined via the allocated trial balance process that is performed after the annual general ledger is closed. At this juncture, all of the fees, regardless of the account into which they were initially recorded, will be assigned to Cost Segment 13.3.
- b. Not applicable. .
- c. All debit and credit fees will be allocated to Cost Segment 13.3 as described in the response to part a. of this question.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

5. In similar rulemaking petitions, the Postal Service has affirmatively indicated that workpapers filed with the Annual Compliance Report (ACR) will incorporate the proposed change in analytical principle.<sup>2</sup> Will future ACRs include the development of the distribution key for credit and debit card fees within the Cost Segment 13 worksheet of the "B" workpapers, previously filed as Library References USPS-FY13-32 and USPS-FY13-NP14 in the ACR?

**RESPONSE:**

Yes. The plan is to show relevant revenues by product in USPS-FY14-NP14, workbook I-Forms, tab I-CS13.3.2. These revenues will be linked to workbook CS13, tab Inputs. The CS13 workbook will use the proposed methodology to calculate the distribution factors and assign the product costs. The product costs will be located in CS13, tab Outputs to CRA.

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<sup>2</sup> See, e.g., Docket No. RM2014-6, Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposals Three through Eight), June 20, 2014, Proposal Seven at 3 (referring to USPS-FY13-13 and USPS-FY13-14), and Proposal Eight at 2 (referring to USPS-FY13-NP26).